

Message Text

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ACTION EUR-12

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USCINCEUR VAIHINGEN GERMANY
HQ ASD WRIGHT PATTERSON AFB OHIO
CASEUR BRUSSELS F-16
AMEMBASSY BRUSSELS
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SUBJECT: RADICALS ALLEGE SIGNIFICANT COST INCREASE IN F-16
ACQUISITION

REF: OSLO 6212, DTG 090700Z DEC 76

SUMMARY: DANISH PRESS REACTION TO RECENT F-16 CONTRACT
AWARDS IN DENMARK HAS BEEN GENERALLY OBJECTIVE. NEWS-
PAPERS, HOWEVER, WHICH HAVE BEEN HISTORICALLY AGAINST
DEFENSE SPENDING AS WELL AS A SENSATIONALIST TABLOID
HAVE GIVEN EXTENSIVE PLAY TO THE RADICAL PARTY'S ASSER-
TIONS OF SIGNIFICANT COST INCREASES IN THE F-16. THESE
EXAMPLES OF DANISH DEFENSE "MISMANAGEMENT" ARE BEING
USED BY THE RADICALS--WITH PROBABLY LITTLE EFFECT--TO
INCREASE THEIR LEVERAGE IN ONGOING NEGOTIATIONS ON A
DANISH DEFENSE AGREEMENT. END SUMMARY

1. DANISH PRESS REACTION TO THE ANNOUNCEMENT OF RECENT
F-16 CONTRACT AWARDS IN DENMARK, NOW TOTALING OVER
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\$100,000,000, HAS BEEN GENERALLY OBJECTIVE AND STRAIGHT-

FORWARD. TWO PAPERS, HOWEVER, POLITIKEN (LEFT OF CENTER AND A TRADITIONAL SUPPORTER OF THE RADICAL PARTY) AND THE MASS CIRCULATION EKSTRA BLADET (SENSATIONALISTIC TABLOID OWNED BY POLITIKEN) HAVE GIVEN FULL PLAY AND EDITORIAL SUPPORT TO RECENT STATEMENTS BY DEFENSE SPOKESMAN FOR THE RADICAL PARTY, JENS BILGRAV-NIELSEN, WHO ALLEGED SIGNIFICANT COST INCREASES IN THE F-16 AND DANISH DEFENSE MISMANAGEMENT IN ITS PROCUREMENT. THIS IS THE PRESS PLAY THAT THE NORWEGIAN PAPERS PICKED UP AND COMMENTED ON (REFTEL).

2. NIELSEN WAS QUOTED IN THE DECEMBER 7 EDITION OF POLITIKEN AS FOLLOWS:

"THE DECISION BY DENMARK, NORWAY, THE NETHERLANDS AND BELGIUM TO BUY THE AMERICAN F-16 JETS FOR DEFENSE HAS RECEIVED THE LABEL, 'THE ARMS DEAL OF THE CENTURY.' RECENT INFORMATION INDICATES THAT THIS DEAL IS GOING TO BE JUST THAT--TO AN EXTENT WHICH NOBODY ANTICIPATED BEFORE. WHEN THE DISCUSSION BEGAN ABOUT THE PURCHASE OF A NEW FIGHTER PLANE, IT WAS SAID THAT WE WOULD BECOME CO-PRODUCERS AND THAT SUCH CO-PRODUCTION WOULD PROVIDE JOBS FOR 8,000 WORKERS. BEFORE THE FINAL PURCHASE DECISION WAS TAKEN, THAT FIGURE WAS REDUCED TO ABOUT 1,000 JOBS AND IT NOW APPEARS MORE REALISTIC TO TALK ABOUT A FEW HUNDRED."

3. THE POLITIKEN ARTICLE FURTHER STATED THAT THE PRICE OF THE 48 AIRCRAFT ORDERED BY DENMARK WILL BE HIGHER THAN THE 2.4 BILLION KRONER AUTHORIZED BY PARLIAMENT BUT THAT NO ONE REALLY KNOWS WHAT THE FINAL TOTAL COST WILL BE. THE ARTICLE SPECULATED THAT SUCH COSTS WILL BE 30-50 PERCENT HIGHER THAN ORIGINALLY ESTIMATED. NIELSEN IS FURTHER QUOTED AS SAYING THAT IF POLITIKEN'S INFORMATION IS CORRECT, THERE WILL BE NOTHING LEFT IN THE DEFENSE BUDGET TO PROCURE OTHER NEEDED EQUIPMENT.

4. AS POINTED OUT IN PARA. 2 E) OF REFTEL REPORTING LIMITED OFFICIAL USE

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THE NORDLANDS FRAMTID EDITORIAL, NIELSEN'S STATEMENTS MUST BE SEEN AS A MANIFESTATION OF INTERNAL DANISH POLITICS. THE RADICALS UNDOUBTEDLY WISH TO USE THEIR ASSERTIONS OF F-16 PROCUREMENT MISMANAGEMENT IN ORDER TO INCREASE THEIR LEVERAGE IN THE ONGOING NEGOTIATIONS OVER A NEW DANISH DEFENSE AGREEMENT. AS ADDRESSEES ARE AWARE, THE RADICAL PARTY IS ONE OF SIX INVOLVED IN THESE NEGOTIATIONS AND WISHES TO CONCLUDE AN AGREE-

MENT OF SHORTER DURATION AND AT LOWER SPENDING LEVELS
THAN THOSE FAVORED BY AT LEAST FOUR OTHER PARTIES TO THE
NEGOTIATIONS.

5. THE DANISHPRESS HAS ALSO CARRIED A NUMBER OF
REASONED REBUTTALS TO NEILSEN'S ASSERTION. THESE LATTER HAVE
HAD NO IMPACT HERE ON THE F-16 PROCUREMENT PROCESS.
IT IS DOUBTFUL, FURTHERMORE, WHETHER HIS REMARKS WILL
HAVE ANY EFFECT ON THE DEFENSE AGREEMENT NEGOTIATIONS
WHICH ARE SCHEDULED TO RESUME DECEMBER 20.
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